

SEED ADVISORY BOARD
California Department of Food and Agriculture
1220 N Street
Sacramento, CA 95832
Teleconference Meeting
June 9, 2005

Chairman Kelly Keithly called the meeting to order and requested new CDFA employee Nicole Gambrel to record attendance. The following members and guests were in attendance.

Members:

Kelly Keithly
Gabe Patin
Rick Falconer
Bill Cox
William Van Skike
Cher Williams

Identified Guests:

John Heaton
David Godfrey
Betsy Peterson
Bob Stewart

Chairman Keithly noted that a quorum was not present at the last meeting and asked if anyone needed a copy of the summary of motions prepared from the last meeting. Guests Peterson and Stewart requested copies be faxed to them. Heaton immediately faxed them copies and they acknowledged receipt.

Chairman Keithly asked if there were any questions or discussion concerning items on the summary of motions. Patin requested clarification of the amount of money that the seed lab is projected to be short in the near future. Godfrey explained that for 06-07, the lab ag fund would be in the hole \$43,000 based on a revenue of \$18,000 per year and the increase in payments for the bond debt.

Van Skikes asked if the new lab fees wouldn't cause the \$18,000 figure for projected lab revenue to go higher. Godfrey explained that the number was pretty accurate since most of the billing was already done. Van Skikes noted that the actual number of samples have gone down significantly. Godfrey agreed and suggested that the winter meeting would be a good time to evaluate the total number of service samples processed by the lab and to determine how much decline has occurred since the rate increase.

Cher Williams asked for clarification of the \$120,000 associated with county sampling. Godfrey explained that the \$120,000 was the amount of money that the Seed Services Program pays counties for work related to enforcement of the California Seed Law and not necessarily just seed sampling. Heaton noted that an email was sent to members earlier in the day, which tentatively identified seven items to be included in future contracts with the counties. He further explained that although future contracts will not require the counties to collect official or regulatory samples, the counties will still be involved in the collection of quarantine and service samples.

Chairman Keithly requested additional questions or comments. Heaton asked if any member present would consider making a motion to formally set the assessment rate at \$0.32 per one-hundred dollars of agricultural or vegetable seed sold in the state. He explained that while the assessment rate was presented in the proposed budget at the previous meeting, a formal motion would make it easier to draft a letter for the Secretary to sign and send to labelers at renewal time. Van Skikes made the motion to set the assessment rate at \$0.32 per one-hundred dollars of agricultural or vegetable seed. Cher Williams seconded the motion.

Chairman Keithly called for a roll call vote on the motion for the assessment rate to be set at \$0.32 per one-hundred dollars of agricultural or vegetable seed.
Heaton recorded the following votes:

Falconer – Yes
Cox – Yes
Keithly – Yes
Patin – Yes

Van Skikes – Yes
Williams – Yes
Hirahara – Yes

The motion to set the assessment rate at \$0.32 per one-hundred dollars of agricultural or vegetable seed passed unanimously.

Chairman Keithly asked if there were any other comments or questions about the summary of motions from the last meeting. There were none. Van Skikes made a motion to accept all of the of the motions presented in the summary. Bill Cox seconded the motion. Chairman Keithly clarified that a motion was made and seconded to ratify all of the motions as they were unofficially ratified in the previous meeting. He requested that Heaton record the votes from the members. The following votes were recorded.

Falconer – Yes
Cox – Yes
Keithly – Yes
Patin – Yes

Van Skikes – Yes
Williams – Yes
Hirahara – Yes

Chairman Keithly moved to the next item on the agenda; the meeting with Secretary Kawamura. He stated that four members indicated they could meet on July 13th and three members stated that they could meet on July 23rd. Heaton noted that Rich Matteis of the California Seed Association indicated that he could meet on July 13th. Chairman Keithly suggested that Board members meet earlier with Rich Matteis.

Patin asked what the members hoped to accomplish by meeting with Secretary Kawamura. Van Skike explained that the way pro rata is calculated has been changed to include the entire budget instead of just a calculation based on personnel services in the program. This has led to a huge increase in the charge back to the Boards without any discussion from the Boards or feedback from the Boards. He noted that the Board was surprised by the 250% increase at a time when they are trying to cut expenses. The hope was that the Board could ask the Secretary to change the way pro rata is calculated back to historic levels. Patin expressed doubt that the Secretary has the authority to roll back the pro rata. Van Skike acknowledged Patin's concern and offered that he felt the Secretary has input he could use to affect some change. He further noted that the Seed Advisory Board is not the first or only organization asking for some attention to this matter.

Van Skike explained that a second portion of the meeting with Secretary Kawamura will be to discuss the bond debt repayment. He requested that Godfrey explain the history of the bond debt repayment to the members present. Godfrey explained that the bond debt repayment is for construction of the Plant Diagnostic Center at Meadowview. The seed laboratory was the only ag funded budged that was involved in that move. Other programs involved in the move were funded by the general fund and pay their part of the repayment from general funds. For the first year, the amount paid by the seed lab ag fund was close to \$40,000, which coincidentally was approximately the same as the labs operating expenditures. Over the years, the bond debt repayment appeared to be declining, but more recently it appears to be going up. The current situation is that the bond debt repayment is higher than the revenue collected from service samples and higher than expenditures. Godfrey is hoping that Secretary Kawamura and his staff will explain why the bond debt repayment has increased and possibly suggest some ways to provide relief to the small ag funded program that processes services samples for the seed industry.

Chairman Keithly asked for additional questions or comments. None were offered. Keithly moved to the next item on the agenda, the winter meeting. Members present agreed to set the meeting for November 16, 2005 at 9:00 a.m.

Van Skyke motioned that the meeting be adjourned. Patin seconded the motion. The motion carried. Chairman Keithly officially adjourned the meeting.

Respectfully submitted,
John Heaton

Minutes – February 23rd, 2005

Van Skike motioned to accept the minutes of the February 23, 2005 CSAB meeting as presented. The motion was seconded by Falconer and officially approved by unanimous vote.

Fund Conditions for the Seed Laboratory

The beginning balance for the Ag Fund has been steadily declining and at the present rate, the Seed Lab Ag Fund will not have enough money for the 2006/2007 fiscal year.

A motion was made by Van Skike to place a discussion of the Seed Lab Ag Fund on the agenda for the winter meeting. The motion was seconded by Falconer and officially approved by unanimous vote.

Out of State Travel Proposals

The total cost of all trips requested by the Seed Lab and Seed Services was stated as \$15,550.

Motion was made by Falconer to approve the Out-of-State Travel Request. Van Skike seconded the motion. Official vote was unanimous in favor.

Seed Laboratory Proposed Budget

The total amount proposed was \$712,006. Subtracting the expected revenue from test fees (\$18,000) results in a proposed budget amount of \$694,006. One half of that amount, or \$347,003, will be used in the Memorandum of Understanding that the Seed Services Program enters into with the Seed Laboratory.

Motion was made by Falconer to approve the seed laboratory budgets (Ag and General) as presented. Van Skike seconded the motion. The budgets proposed for the seed laboratory were officially approved by unanimous vote.

Seed Laboratory Level of Funding (Memorandum of Understanding)

To provide for the Seed Laboratory Budgets, the Memorandum of Understanding must be set at \$347,003.

Tingley motioned that the Board approve \$347,003 as the level of funding for the Memorandum of Understanding with the Seed Laboratory. The motion was seconded by Van Skike and officially passed by unanimous vote.

Seed Services Proposed Budget

[Excerpted from the Seed Services Fund Condition agenda item: Godfrey used a 3% level of increase to estimate expenditures for the next three years and showed how the projected expenditures are slightly less than the expected revenue when the assessment rate remains at \$0.32. He summarized that, based on the trends shown on the fund condition statement, the Board can fund the budgets proposed for the next year and conceivably future years.]

The total amount proposed for the 2005/2006 Seed Services budget was \$1,206,227. This includes \$150,000 for the Research Contract with the UCD Seed Biotechnology Center, the contract of \$120,000 with the Ag Commissioners and the amount of \$347,003 already approved for the MOU with the Seed Laboratory.

Van Skike motioned that the proposed budget for Seed Services be approved so as not to disrupt the function of Seed Services. He requested however, that approval of the budget be under the condition that the Seed Services staff schedule a meeting between Board members and Secretary Kawamura to discuss and possibly impact some of the charges [Pro Rata & Bond Debt Repayment], as well as to perhaps address the Seed Laboratory General Fund. Van Skike acknowledged the “windfall” that the Seed Laboratory received; however, he expressed doubts that the “windfall” exceeded the amount of money paid through the years for Bond Debt Repayment. He further stated that such a meeting is in line with what the Governor has asked for; namely, to address efficiencies.

Tingley seconded the motion to approve the budget as presented, and to direct Staff to setup a meeting with the Secretary to get reduction and better resolution. The motion was officially approved by unanimous vote.

Assessment Rate

Patin motioned that the CSAB recommend to the Secretary, the assessment rate be set at \$0.32 per \$100 value of agricultural or vegetable seed sold in California. Williams seconded the motion, which was passed unanimously by official vote.

Seed Biotechnology Center Funding

Van Skike made a motion to place a discussion about increasing the funding for the SBC from \$150,000 to \$200,000 on the agenda for the next meeting. Falconer seconded the motion. An official vote unanimously approved the motion.

Future Considerations for the Direction of Seed Services and the Seed Laboratory Programs

Van Skike motioned that the Board approve the recommendations from the CSA; namely, that the state take over sampling effective July 1, 2005, the state reduce or eliminate the TEAMSEED program to offset the anticipated cost of sampling, the Board continue to fund the Ag Commissioners at the level of \$120,000, and Seed Services develop an appropriate contract that specifies a scope of work that meets the state's contractual requirements.

Van Skike presented an amended motion **for the state to begin collecting regulatory seed samples** effective the new contract year (July 1, 2005). No additional comments were presented. The motion was passed by unanimous vote.